

Affordable Care Act

Maryland Implementation

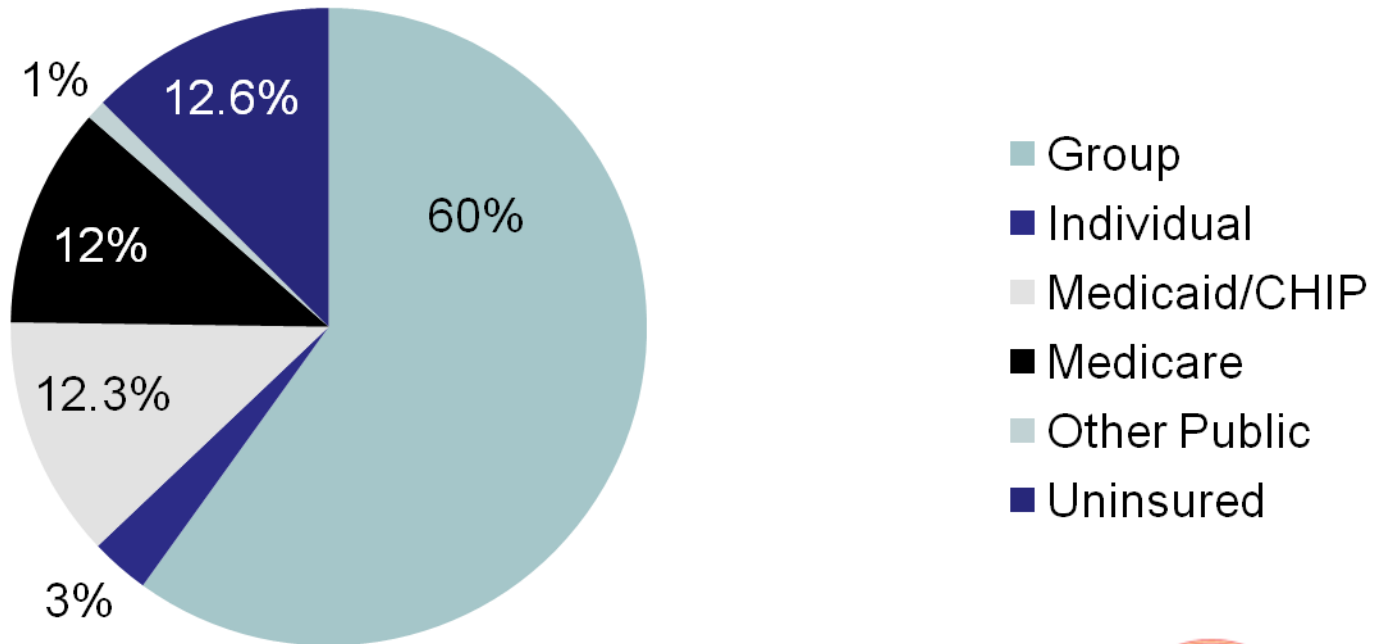
Joshua M. Sharfstein, M.D., Secretary
Department of Health and Mental Hygiene
March 31, 2011

Outline

- Background: Maryland Insurance Coverage and Markets
- The Affordable Care Act
- Delivery System Reform

Most Marylanders Have Group Insurance Coverage

Maryland 2009 Population by Source of Insurance Coverage



Large Groups (51+)

Insured Groups

- Carrier bears risk if claims exceed premiums
- Subject to insurance laws and mandated benefits
- 950,000 individuals

Self-Insured Groups

- Group bears the risk if claims exceed premiums
- Not subject to state insurance laws/oversight
- Nearly 2 million individuals

Markets Under Insurance Regulation

Individual Market

- Buy directly from carrier (vs. Association)
- Subject to state insurance laws and mandated benefits
- Medical underwritten
- 160,000 covered lives

Small Group Market*

- 2-50 employees
- Guaranteed issue
- Modified Community Rating
- Standard plan w/ riders
- 47,000 businesses (410,000 covered lives)

*Oversight by Maryland Insurance Administration and Maryland Health Care Commission

Small Business Premium Subsidy Program



Established during 2007 Special Session

- Eligibility:
 - Very small groups (2-9 FTEs)
 - Low-moderate avg. wages (less than \$50,000)
 - Previously not offering coverage
- State pays up to 50% premium
- 343 small businesses currently enrolled (1,643 covered lives)



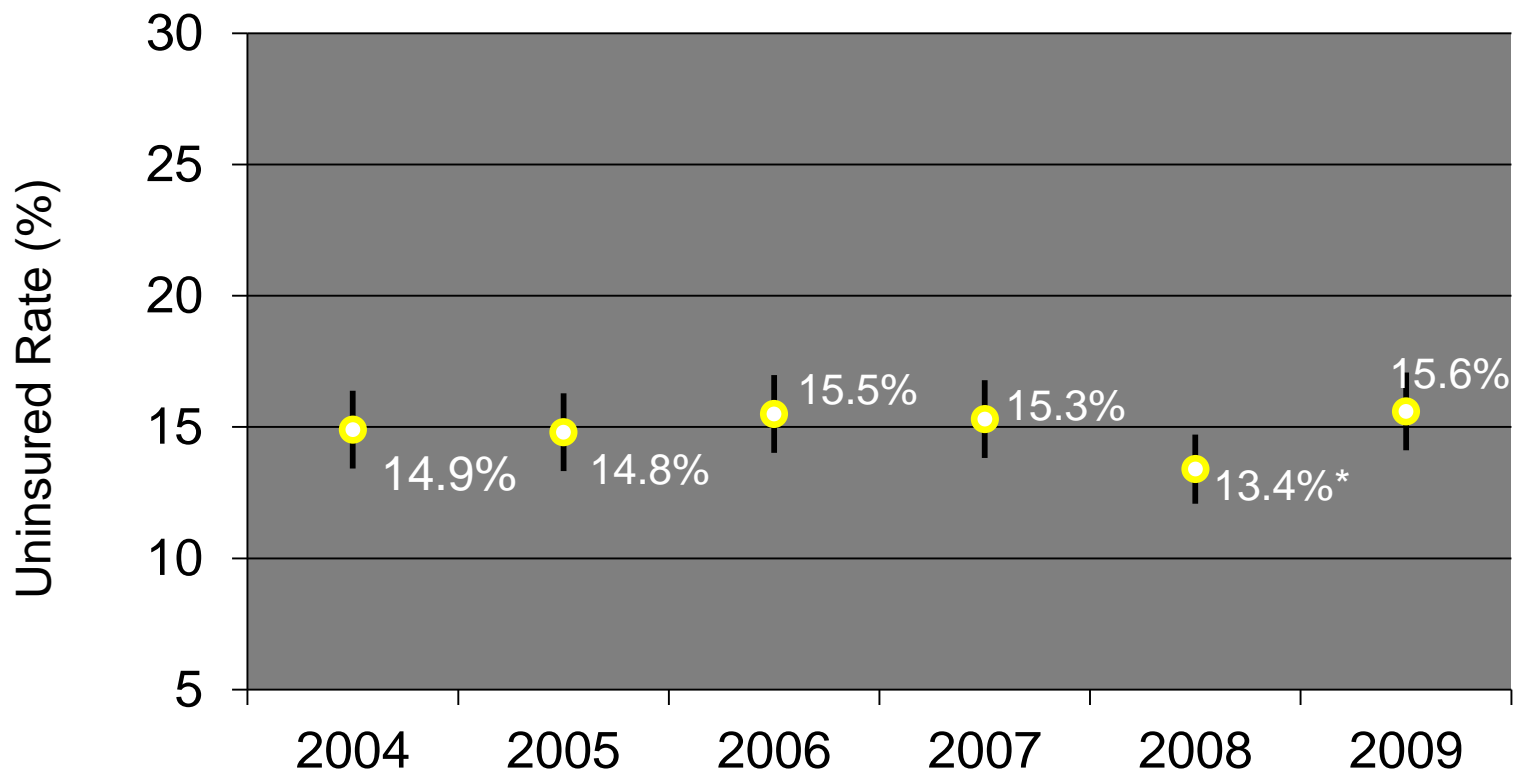
High Risk Pool



- Established 2002, administered by CareFirst, self-insured by the state
- Covers 20,000 people unable to obtain insurance in individual market
- *MHIP* + subsidizes coverage for low income residents
- MHIP Federal opened Sept. 2010

How are we doing?

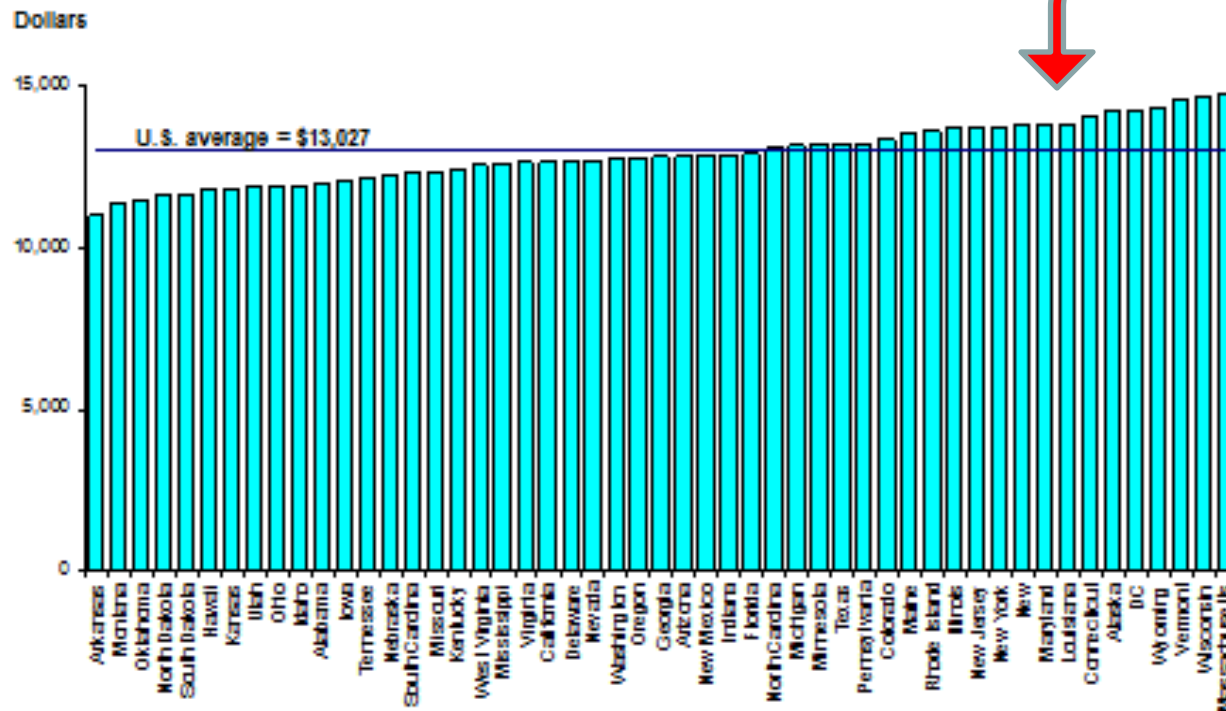
Trend in Uninsured Rate in Maryland, 2004 through 2009



* Differs significantly from the 2007 & 2009 estimates using a 90% C.I.



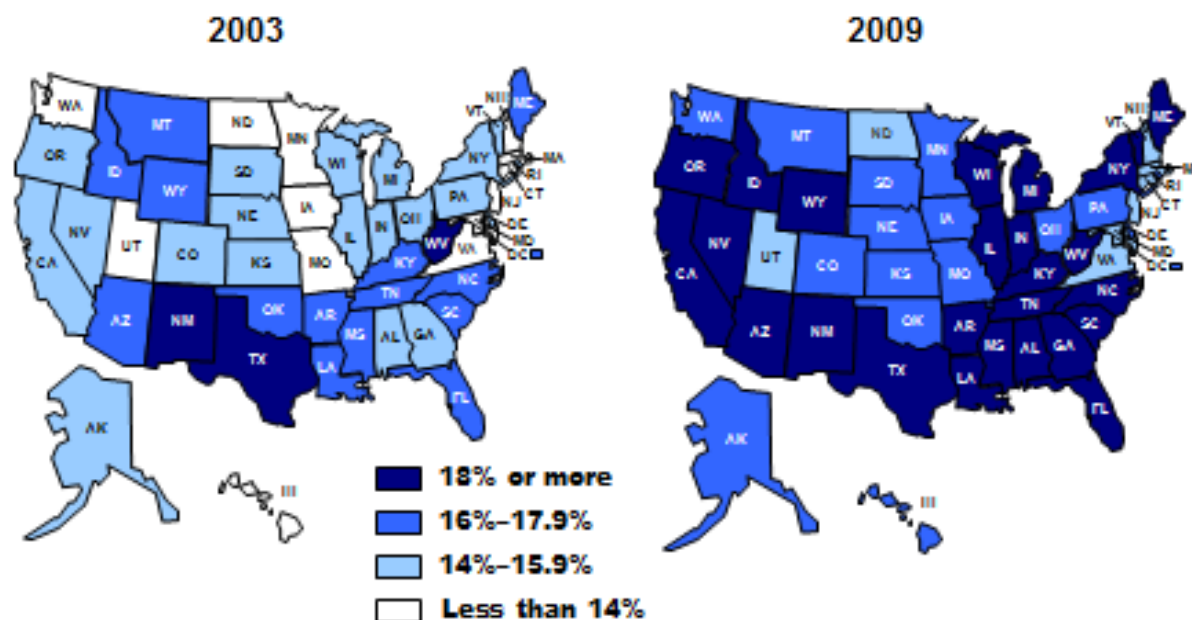
Figure 1. Premiums for Family Coverage, by State, 2009



Data source: 2009 Medical Expenditure Panel Survey—Insurance Component.

Slide from: C. Schoen, K. Stremikis, S. K. H. How, and S. R. Collins, State Trends in Premiums and Deductibles, 2003–2009: How Building on the Affordable Care Act Will Help Stem the Tide of Rising Costs and Eroding Benefits, The Commonwealth Fund, December 2010.

Figure 2. Employer Premiums as Percentage of Median Household Income for Under-65 Population, 2003 and 2009

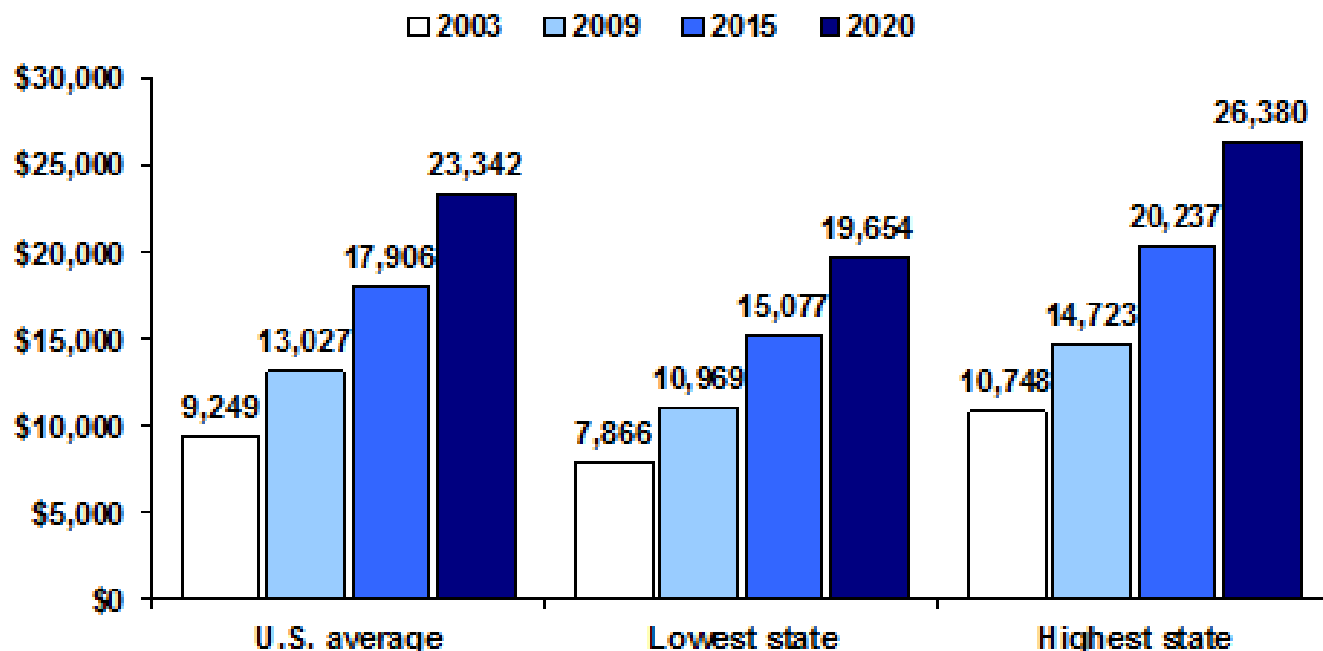


Data sources: 2003 and 2009 Medical Expenditure Panel Survey-Insurance Component (for total average premiums for employer-based health insurance plans, weighted by single and family household distribution); 2003-04 and 2009-2010 Current Population Surveys (for median household incomes for under-65 population).

Slide from: C. Schoen, K. Stremikis, S. K. H. How, and S. R. Collins, State Trends in Premiums and Deductibles, 2003-2009: How Building on the Affordable Care Act Will Help Stem the Tide of Rising Costs and Eroding Benefits, The Commonwealth Fund, December 2010.

Figure 4. Premiums for Family Coverage, 2003, 2009, 2015, and 2020

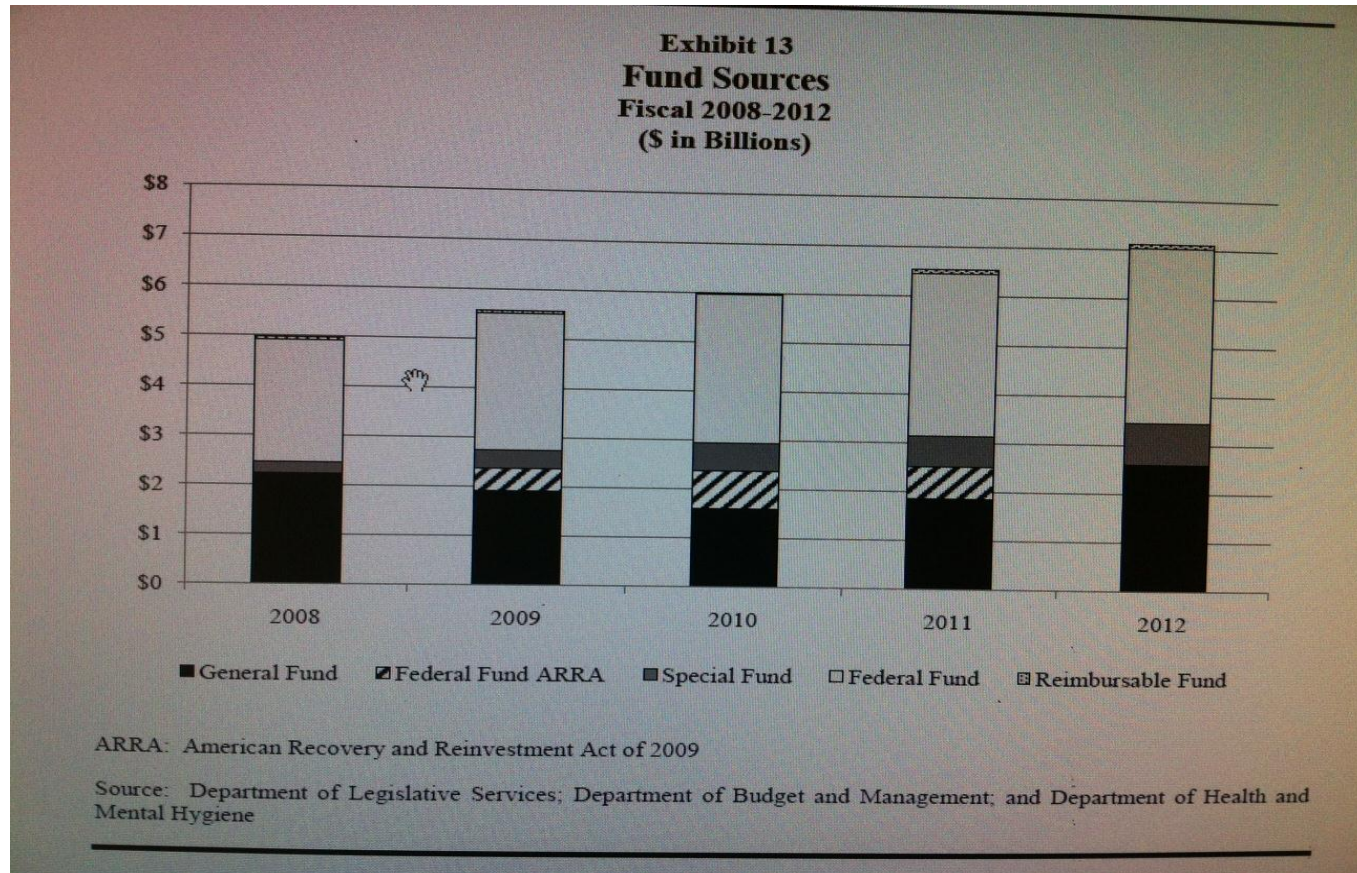
Health insurance premiums for family coverage



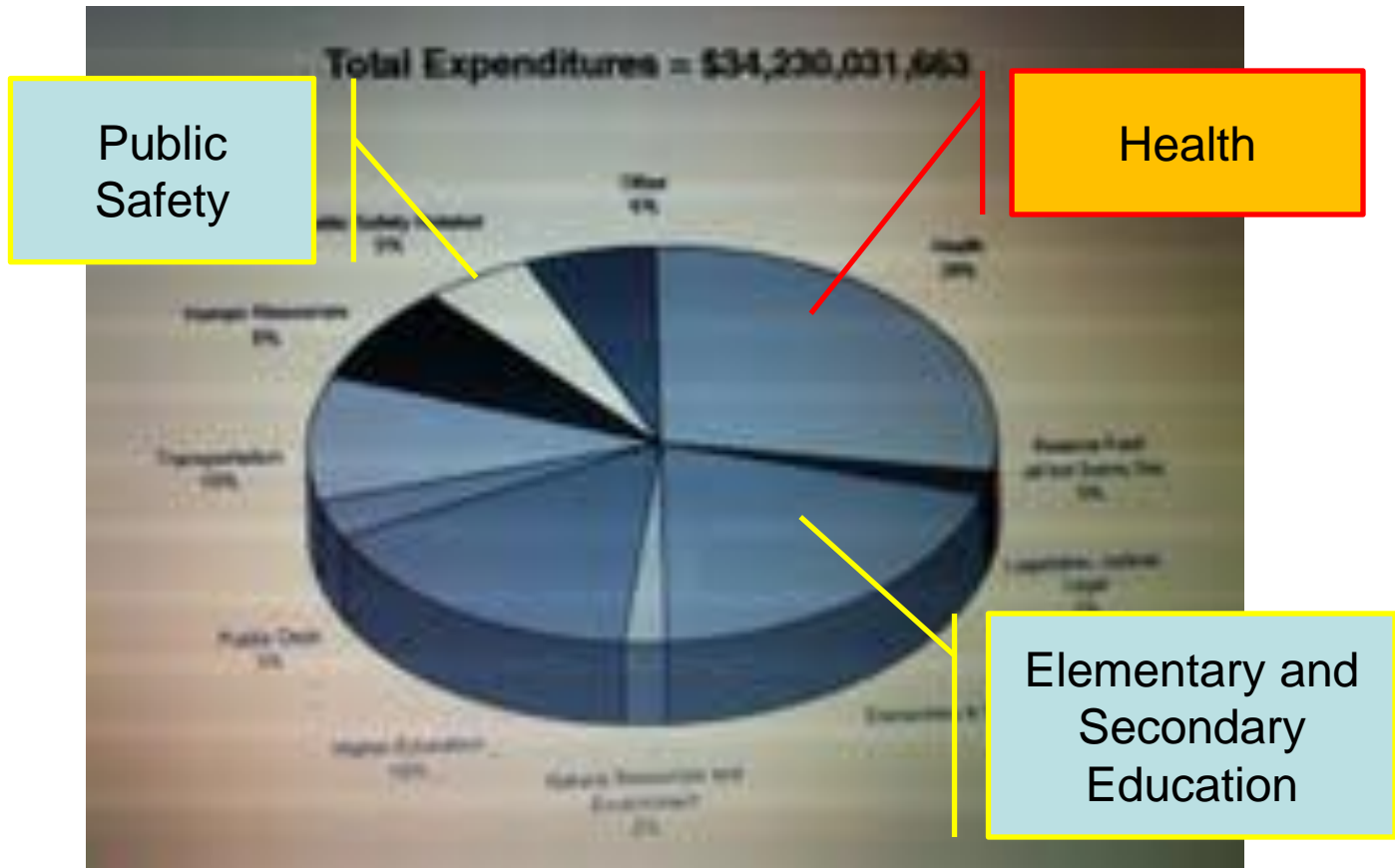
Data sources: Medical Expenditure Panel Survey—Insurance Component (premiums for 2003 and 2009); Premium estimates for 2015 and 2020 using 2003–09 historic average national growth rate.

Slide from: C. Schoen, K. Stremikis, S. K. H. How, and S. R. Collins, State Trends in Premiums and Deductibles, 2003–2009: How Building on the Affordable Care Act Will Help Stem the Tide of Rising Costs and Eroding Benefits, The Commonwealth Fund, December 2010.

Medicaid



FY 2012 Maryland Budget



REPORT CARD

GRADING PERIOD		1	2	3	4
READING		A			
WRITTEN COMMUNICATION		A			
MATHEMATICS		C			
SCIENCE/HEALTH		B			
SOCIAL STUDIES		B			
ART		A			
MUSIC		A			
PHYSICAL EDUCATION		C			
Grade Average		B			
Attendance:	Present	48			
	Absent	0			
	Tardy	1			
A = Excellent • B = Good • C = Satisfactory • N = Needs Improvement U = Unsatisfactory • I = Insufficient / Incomplete					
Student: _____ Grade: _____ Year: _____					



MARYLAND

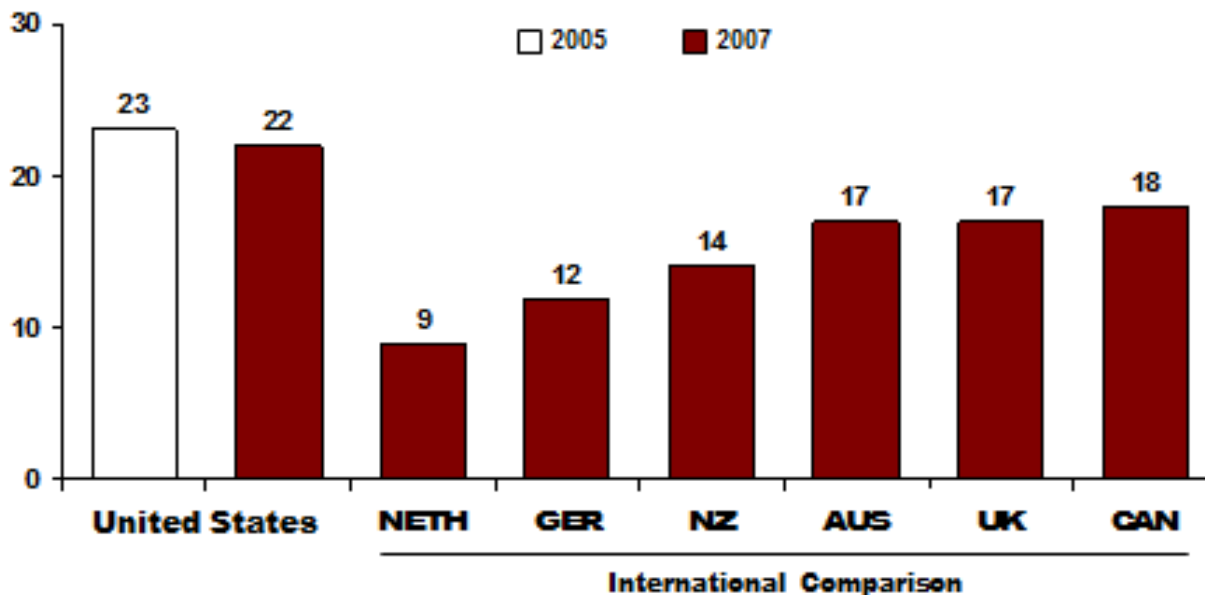
DEPARTMENT OF HEALTH
& MENTAL HYGIENE

Barriers to Performance

- Weak primary care infrastructure, poorly connected to tertiary care
- Health care system generally pays for volume, not value
- Few incentives for high quality care

Test Results or Medical Records Not Available at Time of Appointment, Among Sicker Adults

Percent reporting test results/records not available at time of appointment in past two years



AUS=Australia; CAN=Canada; GER=Germany; NETH=Netherlands; NZ=New Zealand; UK=United Kingdom.
Data: 2005 and 2007 Commonwealth Fund International Health Policy Survey.

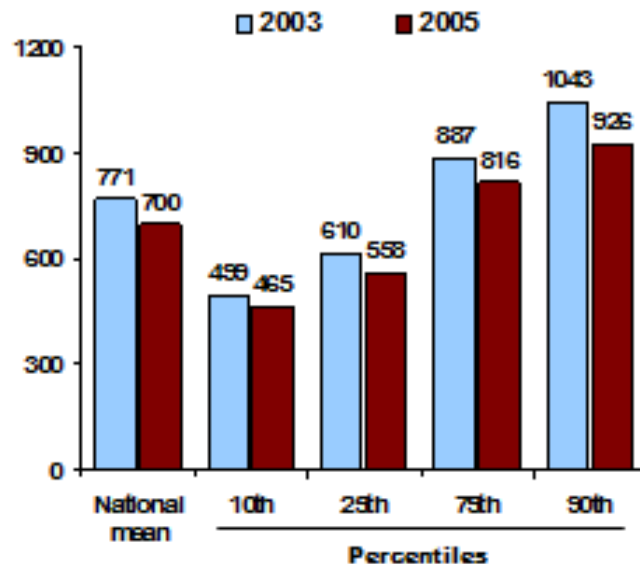
Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008

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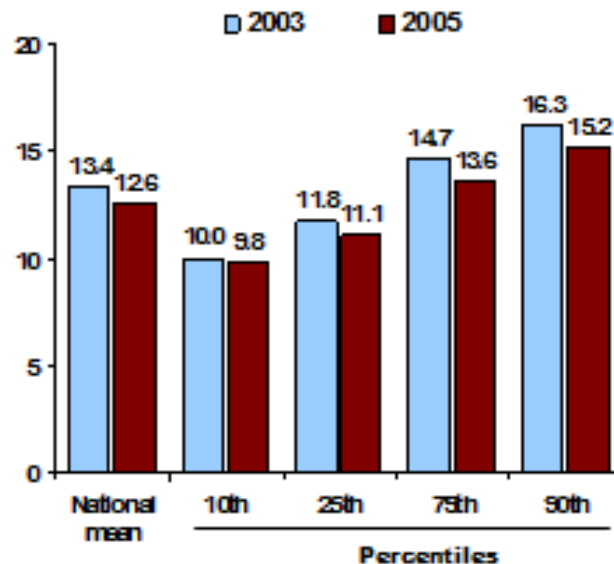
Slide from: The Commonwealth Fund Commission on a High Performance Health System, Why Not the Best? Results from the National Scorecard on U.S. Health System Performance, 2008, The Commonwealth Fund, July 2008

Medicare Admissions for Ambulatory Care-Sensitive Conditions, Rates and Associated Costs, by Hospital Referral Regions

Rate of ACS admissions per 10,000 beneficiaries



Costs of ACS admissions as percent of all discharge costs



See report Appendix B for complete list of ambulatory care-sensitive conditions used in the analysis.

Data: G. Anderson and R. Herbert, Johns Hopkins University analysis of Medicare Standard Analytical Files (SAF) 5% Inpatient Data.

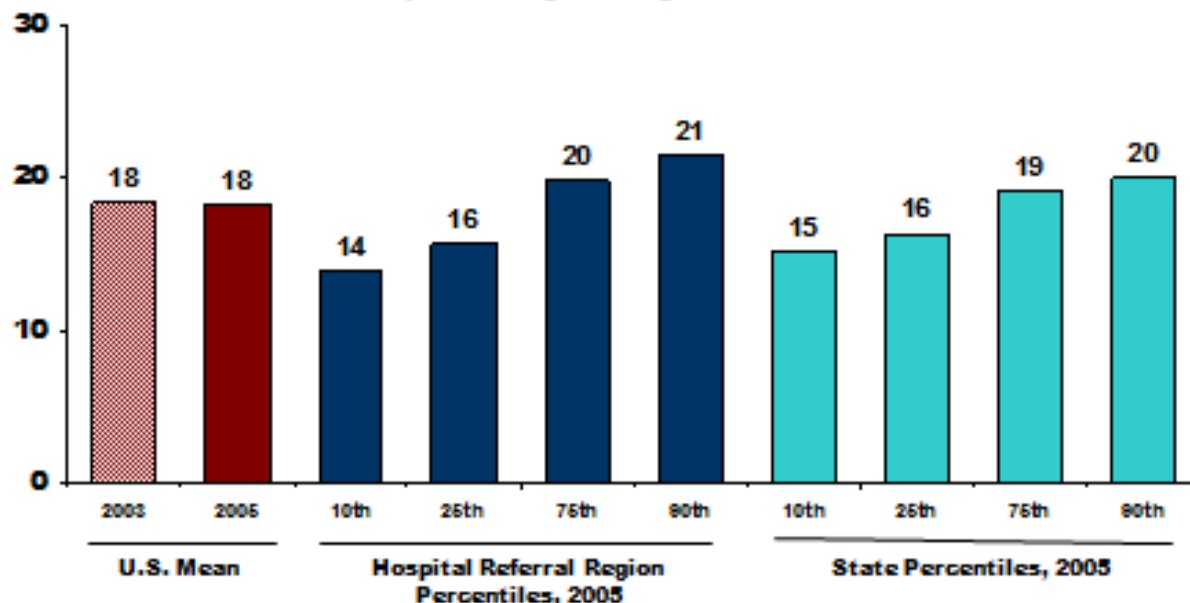
Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008

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Slide from: The Commonwealth Fund Commission on a High Performance Health System, Why Not the Best? Results from the National Scorecard on U.S. Health System Performance, 2008, The Commonwealth Fund, July 2008

Medicare Hospital 30-Day Readmission Rates

Percent of Medicare beneficiaries admitted for one of 31 select conditions who are readmitted within 30 days following discharge*



* See report Appendix B for list of conditions used in the analysis.

Data: G. Anderson and R. Herbert, Johns Hopkins University analysis of Medicare Standard Analytical Files (SAF) 5% Inpatient Data.

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008

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Slide from: The Commonwealth Fund Commission on a High Performance Health System, Why Not the Best? Results from the National Scorecard on U.S. Health System Performance, 2008, The Commonwealth Fund, July 2008

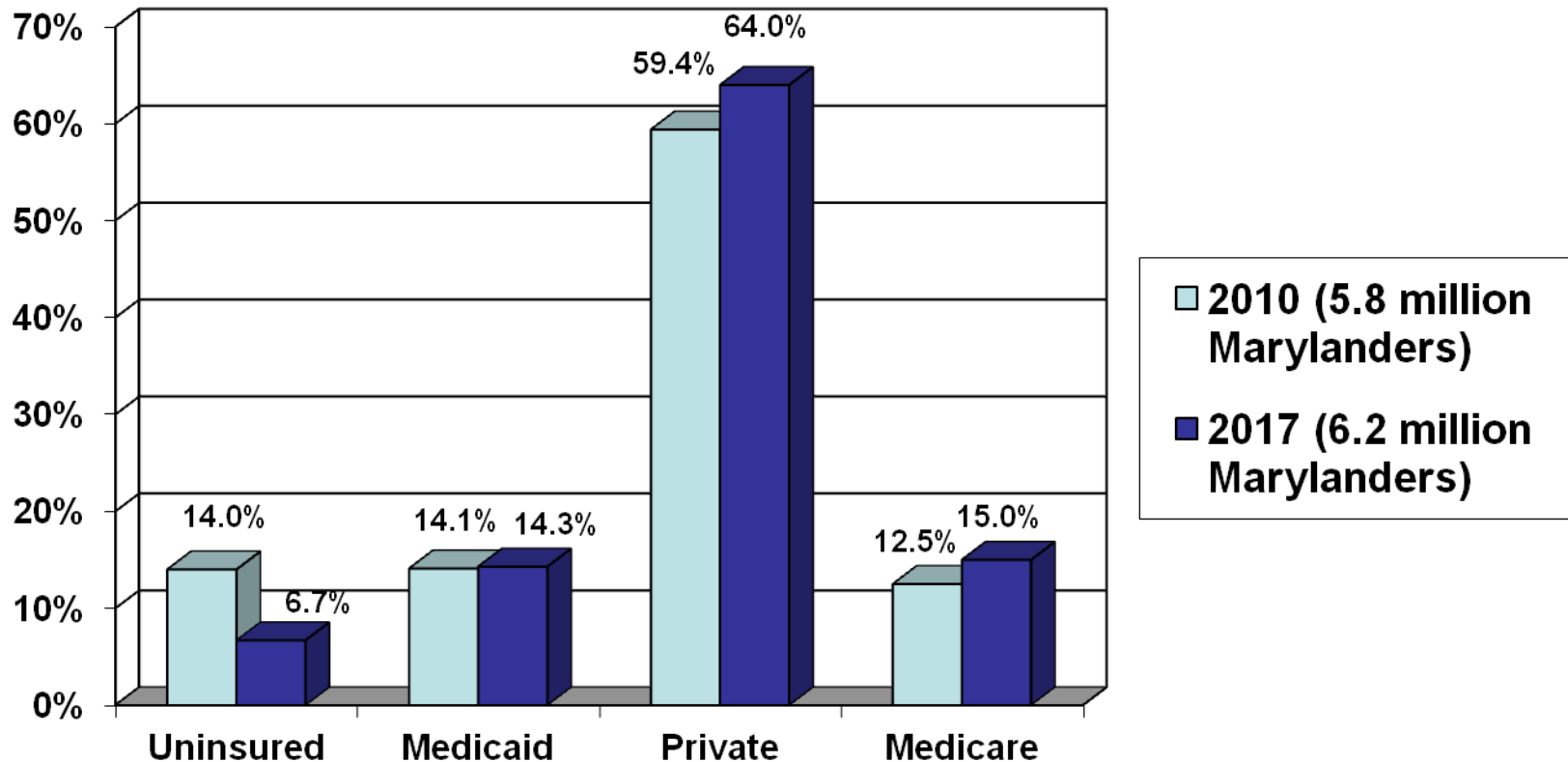
March 23, 2010: The Affordable Care Act



Four Key Elements of ACA

1. Strengthens insurance coverage
2. Expands access to health care
3. Makes coverage more affordable
4. Promotes cost control, quality, and prevention

Affordable Care Act Anticipated to Reduce Maryland Uninsured by Half



State General Fund Analysis

- ✓ Review by UMBC Hilltop Institute team of health policy experts and economists:

Implementation of the
ACA will save the
General Fund budget
\$853 million over 10
years

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Smart Consumer Protections



- Young adults can stay on their parents coverage until age 26.

In effect now

Protects Families from Bankruptcy



- No exclusions for children with pre-existing conditions.

In effect now

Support in Case of Illness



- No pre-existing condition exclusions for chronically ill adults.

2014

Insurance Bill



Administration
Package

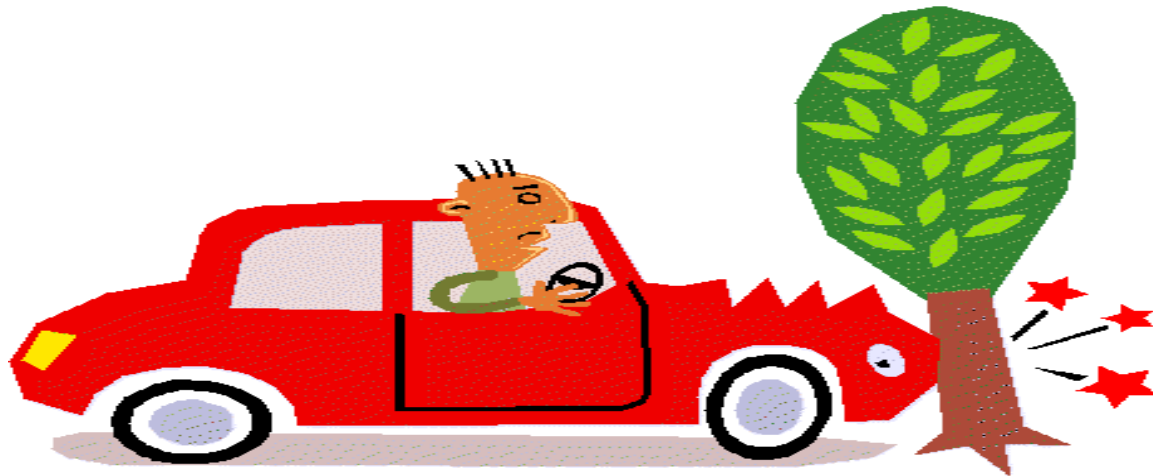
- ✓ Aligns Maryland insurance law with the Affordable Care Act
- ✓ Assures important protections for Maryland residents such as
 - ✓ Coverage until 26
 - ✓ Pre-existing conditions
 - ✓ Lifetime limits

Four Key Elements of ACA

1. Strengthens insurance coverage
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Expands Access to Health Care

- ✓ Establishes incentives and requirements to have coverage in order to avoid adverse selection and spread risk

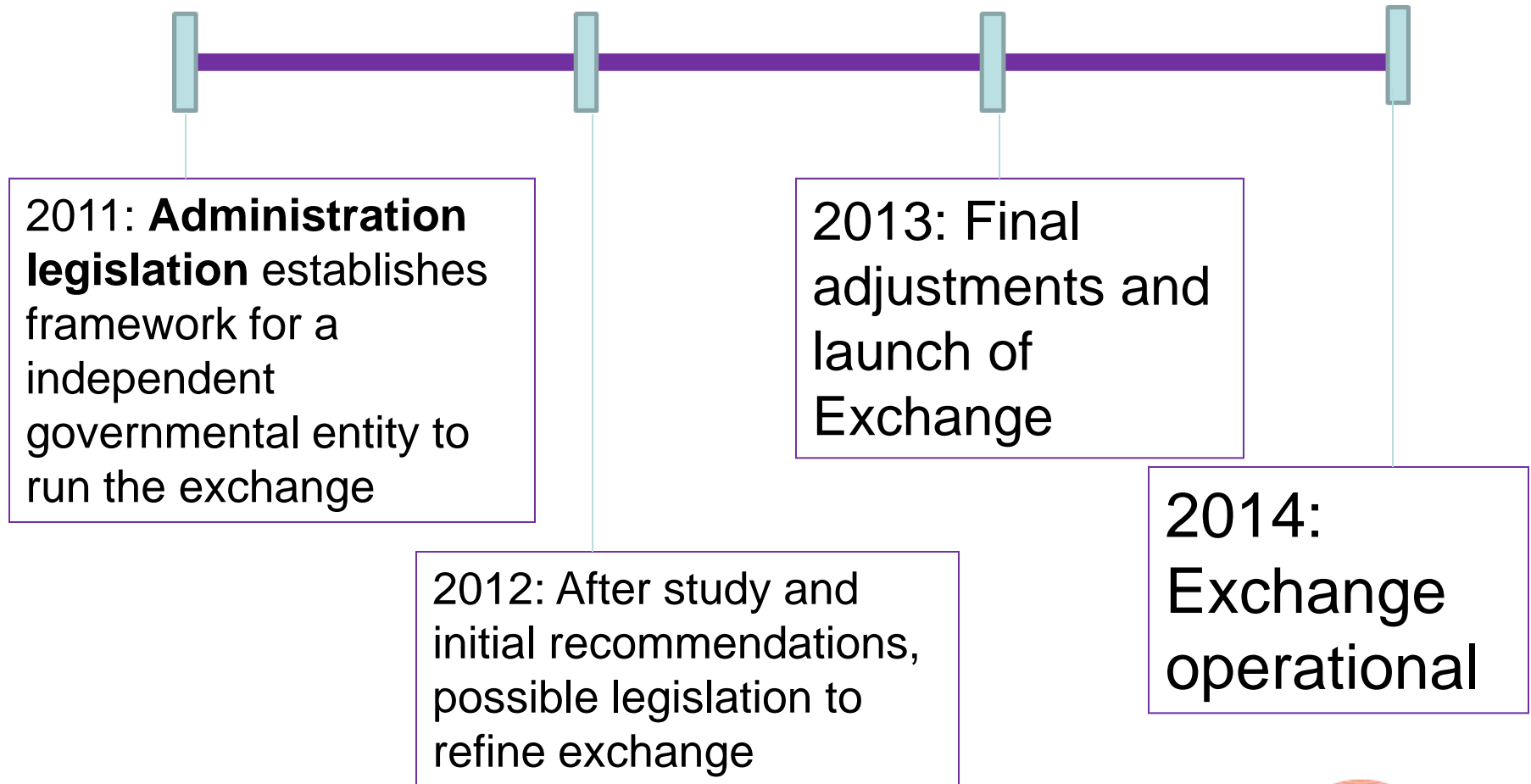


Expands Access to Health Care

- Creates transparent, competitive exchanges where individuals and small businesses can go to purchase private insurance coverage.



Timeline for Health Insurance Exchanges



CONNECT 2coverage

How do you fit in...



Example

Find by Deductible Range

- > No Deductible (9)
- > \$100 - \$500 (6)
- > \$501 - \$1,000 (12)
- > \$1,001 - \$2,500 (35)
- > \$2,501 - \$5,000 (51)
- > \$5,001 or more (15)

Find by Plan Type

- > PPO Plans (77)
- > HSA Plans (25)
- > HMO Plans (15)
- > IND Plans (11)

Find by Price Range

- > Below \$100 (13)
- > \$101 - \$250 (80)
- > \$251 - \$500 (32)
- > \$501 - \$750 (3)
- > \$751 or more (0)

Find by Company Name

- > Aetna (21)
- > Anthem BC Life and Health In... (1)
- > Anthem Blue Cross of Califor... (21)
- > Blue Shield of California (26)
- > CIGNA (8)
- > Celtic (30)

View in Rows View as a Grid Show: All 128 Plans Sort By: Carrier Name Plan Type Deductible Price

TOP PICK Most Popular Plans

1. CFB Budget PPO NG 7500 View Similar Plans check to compare

	Type	Deductible	Dr. Copay	Inpatient Hospital	Rx Card	Maternity	\$66.00 Monthly Premium
	PPO	\$7,500	\$50	[0%] In-Network			

View Plan Details View Doctors & Hospitals Apply Now

2. CFB Sensible HSA NG 5200 View Similar Plans check to compare

	Type	Deductible	Dr. Copay	Inpatient Hospital	Rx Card	Maternity	\$68.00 Monthly Premium
	HSA	\$5,200	[0%]	[0%] In-Network			

View Plan Details View Doctors & Hospitals Apply Now

Download

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How may we help you today?

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Example

Health Benefit Exchange Bill

Administration
Package

- ✓ Establishes a structure and framework
- ✓ Independent public entity
- ✓ Promote transparency and accountability
- ✓ Makes Maryland grant-eligible
- ✓ Will study key issues and make recommendations to legislature for 2012 session

Four Key Elements of ACA

1. Strengthens insurance coverage
2. Expands access to health care
- 3. Makes coverage more affordable**
4. Promotes cost control, quality, and prevention

Support for Maryland Families and Businesses

- ✓ Medicaid expansion & higher federal match
- ✓ Subsidies for low- and moderate-income individuals and families - up to 400% FPL
- ✓ Small business tax credits 35% (2010) – 50% (2014)

Four Key Elements of ACA

1. Strengthens insurance coverage
2. Expands access to health care
3. Makes coverage more affordable
4. Promotes cost control, quality, and prevention

Saves Money While Making People Healthier

- ✓ Invests in prevention
- ✓ Encourages high quality and efficient provision of care, with leadership by doctors and hospitals
- ✓ Supports ongoing efforts in health information technology



Health Care Delivery Reform

Goal is the “Triple Aim”

1. Improving individual experience of care
2. Reducing per capita health care costs
3. Improving the health of the population

ACA Opportunities (1)

- Patient-centered medical homes
 - 24/7 care management and support
 - Interdisciplinary teams
 - Coordinate care through care planning
 - Collect data on outcomes and cost

ACA Opportunities (2)

- Accountable Care Organizations
 - Vertically integrated units that share savings with payers
 - Must handle at least 5000 patients and commit for 3 years
 - If meet quality measures, get to share savings below benchmark per capita costs
 - Medicare to certify in 2012

ACA Opportunities (3)

- Pilot programs for bundled payments, readmissions reduction, and reduction in hospital-acquired conditions.
 - Limited to Medicare

State Health Improvement Plan

- The State Health Improvement Plan (SHIP) will focus state and local action on a small number of *critical* population health improvement factors -
 - critical to making sure people live, work and play in health supporting environments
 - critical to ensuring that our prevention and health care services are of the highest quality

Conclusions

- Tremendous challenges facing health system
- Maryland's system is unique
- Health care reform is a tremendous opportunity
- To succeed, must control costs and improve quality.

For More Information

HealthReform.Maryland.Gov

Additional Notes

- The website of the Department of Health and Mental Hygiene is
- <http://www.dhmh.state.md.us>
- Follow Dr. Sharfstein on Twitter @drjoshs
- [This slide added after Grand Rounds presentation]